

April 29, 2011

To: Executive Board

Subject: **2011 Legislative Summary**

Recommendation

Receive and file the April 2011 Legislative Summary. Adopt a support position on AB 485.

Analysis

A summary of state and federal legislation and its status is attached. Board members should note that staff recommends a **support position on AB 485 (Ma)**.

AB 485 would provide an optional financing mechanism to allow transit agencies greater incentives and opportunities to explore transit-oriented development (TOD) options with local governments. Furthermore, if a city or county wishes to pursue a TOD project with a local transit agency within an existing "transit village development district," they may pursue an agreement setting forth the conditions by which bonds could be issued to develop and make improvements to a specific transit station. This bill would provide Foothill Transit greater opportunities to work with our member cities and the County to pursue transit oriented development partnerships.

In March, the legislature took action on budget related items and made \$7.4 billion worth of cuts in addressing the \$26.6 billion FY 11-12 State Budget deficit. Among the items approved was AB 105, the transportation trailer bill, which included language to reenact the gas tax swap in order to avoid potential conflicts with Proposition 26. As a result, state funding for the State Transit Assistance (STA) program will be \$329.6 million for FY 11-12. Furthermore, the sales tax and excise tax rates on diesel were recalibrated in order to produce a STA program of \$350 million annually beginning in FY 12-13. The sales tax on diesel rate is also temporarily adjusted in order free up non-article XIX funds and the Public Transportation Account (PTA) balance to create capacity to provide revenue to other obligations of the PTA, such as the intercity rail program or possible bond debt service.

Proposition 22 restricted the use of excise tax revenues for General Fund obligations. Therefore, AB 105 utilizes weight fees (\$800 to \$900 million annually) in order to pay for bond debt service. This is critical as bond revenue through Proposition 1B has essentially become our only source of funding for capital and rolling stock purchases.

Governor Brown signed AB 105 on March 24th along with \$11.5 billion worth of cuts to reduce the deficit to \$14.5 billion. Talks have stalled as Republicans in both houses have resisted voting tax extensions to be placed on the June ballot without a list of

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demands that the Governor is not prepared to meet at this time. We are concerned that if an agreement is not reached on the remaining deficit, the legislature may be prompted to revisit funding levels for transit and stall the sale of bonds.

Over 50 California Transit Association (CTA) members, including Foothill Transit and other transit advocates were in Sacramento on March 30 for the CTA annual Transit Lobby Day. In all, attendees took part in 86 meetings with legislators, Capitol staff and other state officials. While we were encouraged in our meetings to hear that there is not an appetite to reconsider transit funding levels should a budget stalemate persist, we will work with the CTA and our Sacramento advocate Tim Egan to discuss strategies to insulate public transportation from cuts should they occur.

On the federal front, a government shutdown was narrowly averted when U.S. House and Senate leaders negotiated a deal to fund government operations through the remainder of FY 2011. This agreement reduces spending by \$38.5 billion from FY 2010 levels.

The total subcommittee discretionary budget authority allocation for Transportation, Housing, and Urban Development (THUD) is \$55.5 billion in FY 2011, a reduction of 18 percent from the FY 2010 total of \$67.9 billion. The agreement includes steep reductions in the High Speed Rail program, and cuts in transit funds from FY 2010 levels. Under the agreement, transit formula programs will remain at FY 2010 levels of \$8.34 billion. Funding for Capital Investment Grants (New Starts) would be reduced by \$400 million in FY 2011, for a total investment of \$1.6 billion. In addition, the legislation would rescind \$280 million from FY 2010 New Starts funds.

Other reductions proposed from within the transit program include a \$25 million cut from the FY 2010 level for the FTA Energy Efficiency Grants (TIGGER) thereby funding the program at \$50 million in FY 2011 under a TIGGER 3 Program. Very good news for Foothill Transit is that FY2010 TIGGER 2 Grants, including \$10.2 million awarded to us for the purchase of additional fast charge battery electric buses, was spared any reduction. We thank our congressional delegation for the assistance they provided to keep the TIGGER 2 Program fully funded.

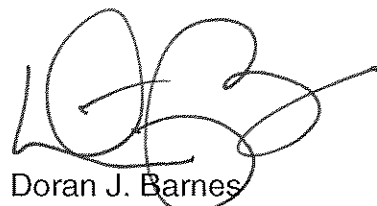
Financial Impact

AB 485 will have no direct impact on the Foothill Transit budget.

Sincerely,



David Reyno
Director of Government Relations



Doran J. Barnes
Executive Director

2011 Legislation Summary

Current as of 4/19/2011

(Amendments and Bills with updated status or requesting action are indicated in **bold**)

Bill No.	Author	Analysis	Potential Impacts	Location	Outside Agency Positions	Recommended Position
AB 147	Dickinson	Existing law under the Subdivision Map Act authorizes cities and counties to charge developer fees to defray the costs of infrastructure improvements to support development projects. Development impact fees levied under the Subdivision Map Act are charged as a condition of approval of a final map or building permit. Current law limits the use of these fees for the mitigation of traffic impacts to bridges and major thoroughfares. AB 147 would authorize a local agency to also use this fee for transit, bicycle, and pedestrian facilities.	This bill could mean more local money provided to Foothill Transit for facility construction.	Assembly Committee on Local Government	CTA - Support	Support Position Adopted 3/25/2011
AB 485	Ma	Would provide an optional financing mechanism to allow transit agencies greater incentives and opportunities to explore transit-oriented development (TOD) options with local governments. Furthermore, if a city or county wishes to pursue a TOD project with a local transit agency within an existing "transit village development district," they may pursue an agreement setting forth the conditions by which bonds could be issued to develop and make improvements to a specific transit station.	This bill would provide Foothill Transit greater opportunities to work with our member cities and the County to pursue transit oriented development partnerships.	Senate Committee on Rules	CTA - Support	Support
AB 650	Blumenfeld	This bill would establish the Blue Ribbon Task Force on Public Transportation for the 21st Century and would require the task force to be comprised of 12 specified members appointed by the Senate Committee on Rules and the Speaker of the Assembly by March 31, 2012. The bill would require the task force to prepare a written report that contains specified findings and recommendations relating to the current state of California's transit system, the estimated cost of creating the needed system over various terms, and potential sources of funding to sustain the transit system's needs, and to submit the report by March 31, 2013, to the Governor and other key legislative bodies.	We understand that members of the environmental community will have a role on the Task Force which brings an important voice for transit into the mix who has not been actively involved previously.	Assembly Committee on Appropriations	CTA - Support	Support Position Adopted 3/25/2011
SB 582	Emmerson	Existing law requires transportation planning agencies to undertake various transportation planning activities, including preparation of a regional transportation plan and also requires transportation planning agencies that are designated under federal law as metropolitan planning organizations (MPO's) to include a sustainable communities strategy as part of the regional transportation plan for their region. SB 582, beginning on January 1, 2013, would authorize a metropolitan planning organization, in partnership with the local air quality management district, to adopt a commute benefit ordinance that requires covered employers operating within the common jurisdiction of the organization and district with 20 or more covered employees to offer those employees certain commute benefits.	Additional commuter benefits could mean more potential riders on Foothill Transit's system.	Senate Committee on Transportation and Housing	CTA - Support	Support Position Adopted 3/25/2011